

Statement of
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before the
COMMITTEE ON WAYS AND MEANS
Thursday, November 5, 2015
1:30 PM
State Capitol, Conference Room 211

INFORMATIONAL BRIEFING ON THE STATUS OF THE DRAWDOWN OF FEDERAL GRANTS
BY CERTAIN STATE EXECUTIVE AGENCIES

Thank you Chair Tokuda, Vice Chair Dela Cruz, and Members of the Senate Committee on Ways and Means for the opportunity to testify on the status of certain federal grants. My name is Elizabeth Kim and I am Special Advisor to the Governor for Federal Relations. In this capacity I advise Governor Ige on federal-state related matters, and act as a liaison between the Governor's office and the various federal agencies.

Since I started in this position this past March, I have been working on several different matters involving federal-state relations. Early on, I assisted with securing the Governor's meetings with key Federal officials, including Secretary of Transportation Anthony Foxx, Secretary of Housing and Urban Development Julian Castro, Secretary of Health and Human Services Sylvia Burwell, Secretary of Homeland Security Jeh Johnson, Secretary of Labor Tom Perez, and EPA Administrator Gina McCarthy, during trips he made to Washington, DC. I have also been assisting with transitioning the functions of the Hawai'i health insurance exchange from the Hawai'i Health Connector to the State of Hawai'i. As you know the Hawai'i Health Connector had difficulties meeting the self-sustainability requirements under the Affordable Care Act, so the decision was made earlier this year to transfer the operations of the health insurance exchange to the State.

Additionally, I acted as the liaison between the State and the U.S. Department of the Interior to ensure the State submitted its grant proposal to receive its annual Compact Impact funding under the Compact of Free Association Treaty. As a result of the grant proposal, Hawai'i received a little over \$12 million in Compact Impact funding in FY15. We also recently received an additional \$1.276 million in supplemental funding for FY15, to help offset costs incurred by the Department of Education for services provided to the citizens of the Freely Associated States.

At Governor Ige's request, I have also been working with the U.S. Department of Homeland Security (DHS), the Hawai'i Department of Transportation (HDOT), and the Western Governors' Association (WGA) on a resolution expressing the support of all 19 western states and 3 U.S. flag islands to expand air preclearance operations to 10 new international airports in Europe, the Dominican Republic and Japan. Preclearance is the process where travelers to the U.S. undergo customs, immigration and agricultural inspection by Customs and Border Patrol officials at the departure airport rather than upon arrival in the U.S., expediting the arrival process for passengers. As you may recall, DHS announced in May that the United States would be expanding preclearance to 10 new airports, including Narita International Airport in Japan. As the U.S. enters into negotiations with the host countries, a preclearance resolution supported by 19 western states and 3 U.S. flag islands will go a long way in demonstration strong support of preclearance expansion. Governor Ige will be introducing the resolution to be voted on at the WGA winter meeting in December, where we anticipate it will be passed.

Finally, to turn to the topic of this afternoon's briefing, I have been working with other members of the Governor's staff and several state agencies on finding ways to streamline processes and procedures related to some of our federal grant and loan programs. These programs include the Federal Highways Administration's (FHA) apportionment funds, the Federal Aviation Administration's (FAA) Airport Improvement Project grants, the Environmental Protection Agency's (EPA) Drinking Water State Revolving Fund Loan Program, and the U.S. Department of Housing and Urban Development's Native Hawaiian Housing Block Grant Program.

On the whole, the State of Hawai'i has improved its performance in drawing down on these funds over the past year. For example, the Federal Highways Administration recently sent a letter of commendation to HDOT Director Ford Fuchigami for reducing the federal highways funds balance by over \$100 million during FY15. This represents the largest drop in the past five years, and brings the balance down to \$656.6 million, the lowest it has been since 2002. The letter also pointed out that the State is well on its way to meeting the \$450 million goal by the end of FY18. Please note that the goal is not, and never has been, to get down to zero. FHA has set a balance of \$450 million as an acceptable balance, not zero.

Likewise, the unobligated balance for the Drinking Water State Revolving Fund has gone down significantly, from \$34.8 million to \$17.7 million over the past year. I will leave it to the agency representatives here with me this afternoon to provide more specific information about their various programs.

We are making progress, and we will continue to work together to find ways to streamline our processes. In fact, Governor Ige has already taken steps on some of these process improvements. As of October 1, the Office of the Governor began using electronic signatures and instructed agencies to begin processing documents electronically. These may seem like small steps, but in fact the State's "wet signature" requirements and lack of electronic processes have been identified by FHA, FAA and EPA as creating inefficiencies in the way the State tracks and processes federal funds. It is our goal to expand upon the steps taken by the Governor's office and implement these changes across the agencies. I will also continue to work with B&F, ETS, HDOT, DOH, and DHHL in identifying crosscutting issues and solutions, as we work with our federal partners to help Hawai'i achieve its goals in this area.

Thank you for the opportunity to present this testimony.